Silicon Valley/San Jose Business Journal - January 21, 2002 <a href="http://sanjose.bcentral.com/sanjose/stories/2002/01/21/story2.html">http://sanjose.bcentral.com/sanjose/stories/2002/01/21/story2.html</a>



## **Exclusive Reports**

> From the January 18, 2002 print edition

## Area taking key flight-safety role

## Andrew F. Hamm

Ancore Corp. of Santa Clara has won a \$10 million federal grant to develop the next generation of airport bomb-detection devices, the latest example of Silicon Valley's deepening involvement in flying-related security.

The company is one of several the federal government is funding to develop faster and more efficient ways to detect explosives in passenger baggage. Ancore is developing a neutron-based detection device that company officials say would identify an explosive by type more clearly than current Cat-Scan-based machines.

U.S. Rep. Mike Honda, D-San Jose, has met several times behind closed doors with the chief executives of more than two dozen Silicon Valley companies to gauge interest and obtain ideas for increasing security at the nation's more than 400 airports. Mr. Honda is a member of the Aviation Subcommittee in the U.S. House of Representatives.

"I think that it is essential that our high-tech companies and all levels of government work directly with our airports to clearly define the new security needs we are facing in order to come up with the most innovative solutions to these needs in the shortest time frame," Mr. Honda says.

InVision Technologies Inc. of Newark makes about 90 percent of the 160 or so bomb-detection devices at 50 U.S. airports. L-3 Communications Holdings of New York makes the only other bomb-detection machine on the market certified by the Federal Aviation Administration. Both companies use a three-dimensional Cat-Scan device to scan for explosives.

The FAA estimates up to 2,000 machines will be needed by the end of 2002. That market could be worth \$5 billion to \$8 billion in the United States alone.

Ancore, a spinoff of San Diego-based SAIC Inc., has 35 employees and reported \$5 million in sales in 2001. Company officials say those numbers should double in 2002.

Ancore hopes to have its machines FAA-certified and in the field by the end of the year, says Pat Shea,

chief operating officer for Ancore. The company also is developing an air cargo scanner that could detect explosives and narcotics in commercial freight shipped in the belly of a jet. Currently, there are no FAA guidelines for checking air cargo.

"There have been a lot of questions from airlines about our equipment," Mr. Shea says. "We need [FAA] certification ... but the government is rather slow to make any changes."

Bomb detection is only one part of the larger airport-security picture, security experts say.

Identifying employees -- and eventually passengers -- using biometrics or other means could soon open up a multibillion-dollar market. Biometrics security involves using unique biological traits to identify individuals.

The week of Jan. 14, Identix Inc. of Los Gatos sold Mineta San Jose International Airport a biometrics fingerprint device that cuts a criminal background checks from three weeks to three days, airport officials say. Identix announced sales of the devices to a half-dozen other airports since Jan. 1 and company officials say inquiries have increased "three- to fivefold" since the Sept. 11 terrorist attacks.

Identix and several other companies are developing a thumbprint device to identify each passenger on a flight.

Critics contend biometrics devices -- whether they involve fingerprints, iris scans or any other method -- violate passenger privacy rights. But airlines and other businesses like the foolproof method biometrics promises.

"You're seeing the swing away from privacy concerns to security concerns," says Identix spokesman Damon Wright. "However, we think the fingerprint device will be the most popular because we've found that it is considered the least intrusive."

Speeding up employee background checks is important because most airport employees must pass a criminal background check by Dec. 31 in order to remain employed there, according to the Aviation and Transportation Security Act enacted Nov. 19.

Security at the nation's 429 commercial airports, heightened since the Sept. 11 terrorist attacks, will increase still further in 2002.

First up is a Jan. 18 deadline requiring airlines to screen all airline luggage for explosives, either by physical inspection or through matching baggage with passengers on board every flight.

On Feb. 17, the federal government is scheduled to take over responsibility for scanning all online luggage. Scanning is now done by airline employees.

About 4,000 of Mineta International's 6,000 employees will have background checks done.

"Biometrics allows us to get these done in three days as opposed to three weeks," says Ralph Tonseth, aviation director at the San Jose airport.

The biggest deadline is Dec. 31, when all airports are required to scan by machine every bag that goes on an airplane.

San Jose, with two CTX machines operating now, could need as many as 18 additional machines at \$1.5 million apiece in order to meet those requirements, airport officials say. San Francisco, with 20 machines, may need 50 and Oakland Metropolitan International Airport, which has none, may need 15.

InVision produces about four a month, although company officials say they could increase that to 50, and have been talking to other companies about contracting out some of the work. L-3, which makes about three machines a month, can increase production to 40, company officials say. The FAA, which has not yet ordered any new machines, is waiting for the money to be appropriated.

ANDREW F. HAMM covers sports management, energy issues and transportation for the Business Journal.



All contents of this site © American City Business Journals Inc. All rights reserved.